

## REMARKS/ARGUMENTS

### *§101 Rejections*

The Examiner rejected claims 1-8 on the basis that the claims did not recite a connection to the use of a computer or other technology. Applicant has amended independent claim 1 to specify that they are directed to computer-implemented methods. Thus, Applicants respectfully assert that the §101 rejection has been overcome.

### *§102 and 103 Rejections*

The Examiner rejected claims 1-2, 5 and 9-13 under 35 U.S.C. §102(e), as being anticipated by U.S. Patent No. 6,321,205 of Eder (“Eder”), and rejected claims 3-4, 6-8 and 14-16 under §103(a), as being unpatentable over Eder in view of Robert Muksian “Financial Mathematics Handbook” (“Muksian”). For the reasons stated below, Applicants assert that all of the pending claims are allowable over the prior art of reference.

### *General contextual comments*

The Examiner rejects most of the claims on the grounds that they are anticipated by “Eder”, and the balance based on obviousness given Eder and Muksian. Eder and the present invention both refer to certain deficiencies of traditional financial accounting and reporting. Both draw on certain common financial analysis techniques. However, Eder and the present invention in fact attempt to solve quite different problems, and are based on fundamentally different approaches.

The essential problem that Eder attempts to solve is to incorporate intangible assets into business valuation. Eder proposes methods by which enterprise value can be calculated based on a combination of current asset values, value for current business operations, and future growth. (C6, L15-25). Eder describes methods by which the components used to calculate the value for current business operations – namely, revenue, expense, and capital – can be related to intangible “elements of value”, such as brand names, the customer base, employees, strategic alliances, vendors, etc. More generally, Eder describes a system that

enables a user to determine how various "value drivers" influence the value of a business as determined by a combination of conventional business valuation techniques.

In complete contrast to Eder, the present invention is not concerned with the valuation of intangible assets and, although the computations could indeed be used in the process of business valuation, their main purpose is not business valuation at a point in time, but the measurement of value creation *over time*. The present invention describes a new approach to measuring business performance that is based not on past transactions (as in traditional accounting), but on modeling the potential of a business to create value in future. Examples of aspects of the present system that represent departures from traditional practice include:

- Focusing on individual value streams (both financial and non-financial) as the basic "unit of measure" for tracking value creation
- Linking all assumptions about value streams to past or future events
- Recognizing interdependencies between non-financial value streams and financial value streams
- Designing the system to analyze value creation performance from the perspective of multiple stakeholders, rather than only shareholders, as is the traditional practice
- Designing a high degree of transparency into the system, by enabling users and groups of users to see for themselves the effect of utilizing various alternative sets of assumptions in varying levels of detail
- Permitting stakeholders to interact directly with the system in real time to influence outcomes
- Designing the system so that it is capable of generating continuously updated value creation outcomes in real time as events unfold

As just outlined, the present invention assesses individual value streams based on assumptions tied to future events. Although Eder talks about "predictive models" (Fig. 1), these predictive models are based on mathematical relationships derived from *past* data (how past 'value drivers' related to past valuations over various past dates). Furthermore, although Eder uses some complex prior-art mathematical models (Markov Chains, Monte Carlo Methods, Neural Networks, Option-Valuing Equations, Genetic Algorithms, etc.), they are all

focused on analyzing *past* data in order to optimize Eder's so-called 'predictive models'. While such an approach can be useful for, say, short-term trading (where past volatility is likely to have some influence on tomorrow's price swings), it breaks down when one looks into a longer future that may involve new processes, new markets, new competitors not captured in past data. That is why the present invention explicitly focuses on *explicit assumptions* as to the *future*, with each assumption tied to future and past *events*, the assumptions changing over time as events occur.

The system described in the present application is the subject of several patent applications that are currently before the U.S. Patent Office. Many of the disputed claims in the present application (serial no. 09/587,646) deal with aspects of the present invention that involve the interaction between non-financial and financial value streams. As explained below, the Eder system does not disclose methods related to either non-financial or financial value streams as these are defined in the pending application. Nor does Eder disclose methods that link non-financial value stream outcomes to financial value stream outcomes. Furthermore, the methods described in the present invention that link non-financial value streams to financial value streams are not disclosed, anticipated or obvious based on traditional finance mathematics described in Muksian.

Some of the disputed claims in the present case deal with the ability of the system and method to model value creation outcomes from the separate perspectives of different stakeholder groups. As discussed below, in contrast, Eder is concerned only with calculating an enterprise valuation from a shareholder perspective.

Other disputed claims in the present case deal with a different aspect of the invention, which is the ability of the system and method to generate continuously updated values as events unfold. Eder, by contrast, does not disclose methods that deal with events; nor is it designed to generate continuously updated results as events unfold.

Other disputed claims in the present case deal with the ability of the system and method to enable users to select the level of detail at which they interact with the system. To facilitate this, the system uses a filter in combination with a calculation engine. There is no evidence in Eder of methods that enable one user to interact with the system at one level of

detail, while other users interact at a different level of detail. In addition, there is no evidence of functionality analogous to the role that the assumption filter and calculation engine play in the present invention.

In summary, while there are some similarities in the way that Eder and the present invention describe the background problem, they immediately diverge into quite different solutions generating entirely different results based on fundamentally different approaches and methods.

However, because Eder and the present invention both adapt, in different ways, some conventional time value of money concepts and techniques, there are some superficial similarities. These quickly disappear based on a careful technical analysis, as set forth below.

**I. Rejections based on Eder.**

**A. Claims 1 and 2.**

Beginning on page 5 of the Office action, the Examiner asserts that Eder anticipates independent claim 1, and claim 2, which depends from claim 1. Applicants will first clarify what the Eder system does, and explain how this is not the same as the present invention.

Eder aims at creating the ability to generate a report such as the ValueMap<sup>TM</sup> report disclosed in Figure 14. This report resembles a traditional balance sheet with the crucial difference that instead of disclosing book values calculated in accordance with Generally Accepted Accounting Principles (GAAP), Eder's ValueMap<sup>TM</sup> is intended to show the overall valuation of a business enterprise, and show how that valuation breaks down into various "elements of value."

As disclosed in C5, L38 – C6, L25, Eder calculates the overall valuation of a business enterprise by aggregating three values:

- The value of certain assets of the business, using values determined in accordance with GAAP (i.e., Generally-Accepted Accounting Principles);
- The value of "current-operation"; and
- The value of "growth options."

The “value of current-operation” is calculated by aggregating three “components” of current-operation value: Revenue, Expense, and Capital. While Revenue is not subdivided further, both the Expense and Capital components are divided into sub-components, as specified in C11, L23-35.

The components and sub-components of “value of current-operation” are used to calculate the value of the tangible and intangible “elements of value.” An element of value is defined in C11, L39-43 as “an identifiable entity or group that as a result of past transactions has provided and is expected to provide economic benefit to the enterprise.” Customers are identified as an example of an element of value. Predictive models are used to allocate how much Revenue, Expense, and Capital is related to each element of value.

The key processing steps in Eder are:

- Identification of the components of value (Revenue, Expense, and Capital) and relating these to underlying data in the company’s accounting and other systems;
- Developing models that relate “item variables and item performance indicators” (i.e., value-drivers) to Revenue, Expense and Capital, and can be used to calculate values for Revenue and the various sub-components of Expense and Capital.
- Developing models that calculate a valuation for various growth options. Growth options are also calculated using Revenue, Expense, and Capital components / sub-components.
- Calculating a present value for the Revenue, Expense and Capital components/sub-components of value by assuming a growth rate, and using the formula disclosed in C37, L60 – C38 – L9.
- Subdividing the values calculated for Revenue, Expense, and Capital into the various “elements of value” such as Brand names, Customer Base, Employees, Strategic Alliances, and Vendors.

- Assembling the resulting values into management reports such as that in Figure 14.

By contrast, the methods disclosed in the present invention aim at an entirely different result, using entirely different types of variables, and are carried out in an entirely different manner.

### **1. Independent Claim 1**

Claim 1 refers to an aspect in the present invention in which the results of modeling a non-financial value stream are used to influence the results of modeling a financial value stream.

Eder does not model non-financial and financial *value streams*, and does not disclose methods by which the non-financial value streams influence the financial value streams.

The present invention focuses on the analysis of *value streams*. A value stream for a business enterprise is defined in the present invention as “an aggregation of financial and non-financial benefits flowing to the business and arising from a minimum set of activities that are necessary to give rise to the benefits.” (See e.g., pending application at page 7, lines 29-31).

The pending application points out that value streams can be historical or future, and financial or non-financial.

As an example of how value streams work in the present invention, consider an individual drug that forms part of the portfolio of a pharmaceutical company. The value stream associated with that specific drug can be modeled as a stream of financial benefits flowing to the organization over time. In addition, if the drug happened to be a cure for cancer, there could also be non-financial benefits for many stakeholder classes, such as: for enterprise management and employees the enhancement of the company's reputation; for customers enhanced health and prolonged life. In both cases, the value streams could be

related to a minimum set of activities required to give rise to the benefits: in this case, the company's development and promotional activities related to the specific drug.

According to the present invention, a model for such a pharmaceutical company would be concerned with analyzing the value streams associated with each individual drug in the company's portfolio.

By contrast, Eder does not disclose any methods for the analysis of individual value streams. In C11, L16-35, Eder breaks Value of current-operation down into three components: Revenue, Expense, and Capital. Of these, the only one that could possibly bear any resemblance to a value stream as defined by the present invention is Revenue. But while Expense and Capital are further broken down into sub-components for analysis, Eder specifically notes that "the revenue value is not subdivided." Again in C19, L18 and C19, L22, Eder notes that "there is only one revenue component per enterprise" and "each enterprise has one revenue component," where "enterprise" can, per Eder be replaced by a division of that enterprise but not, as in the present invention, by an individual value stream.

Eder does not disclose methods for generating a value for Revenue based on modeling revenue streams for individual products or technologies. Rather, Eder is focused on analysis of "elements of value." As per C11, L39-52, "for the calculations completed by the present invention, an element of value will be defined as 'an identifiable entity or group that as a result of past transactions has provided and is expected to provide economic benefit to the enterprise.' ... Predictive models are used to determine the percentage of: the revenue value, the expense value sub-components, and the capital value sub-components that are attributable to each element of value. The resulting values will then be added together to determine the valuation for different elements as shown by the example in Table 4."

Comparing Eder's definition of "elements of value" and present invention's definition of value streams demonstrates that we are dealing with quite different concepts. Eder's "identifiable entity or group" is clearly not the same as the present invention's "aggregation of financial and non-financial benefits flowing to the business and arising from a minimum

set of activities that are necessary to give rise to the benefits.” These differences are entirely consistent with the fundamentally different approaches taken by Eder and the claimed invention. The methods that Eder discloses are focused on calculating the valuation of tangible and intangible assets as a percentage of the total valuation for the enterprise as of a specific point in time. By contrast, the claimed methods focus on modeling the value potential of individual value streams over time; they are not designed to value tangible and intangible assets; they may (if all value streams are aggregated) provide a valuation of the overall enterprise but that is not their primary purpose. In summary, Eder does not disclose methods that relate to individual value streams.

More particularly, Eder does not disclose methods that relate to modeling non-financial value streams. The pending specification defines financial and non-financial value streams as follows: “A ‘financial value stream’ refers to those benefits that are reducible to cash or cash equivalents. A ‘non-financial value stream’ refers to those benefits that are not readily reducible to cash or cash equivalents. For example, a non-financial benefit may be enhanced customer loyalty.” (Pending application at page 8, lines 3-7).

The phrase “non-financial” only appears once in Eder, in C19, L 27, referring to Capital sub-components, namely “other (non-financial, non-production) assets.” However, a non-financial asset as described in Eder is clearly not the same genus or species as the examples of non-financial value streams given in the pending application, such as: enhanced customer loyalty (which is a non-financial benefit to the enterprise), on-time performance (which is a non-financial benefit to a customer); respect and recognition (which is a non-financial benefit to employees); access to information (which is a non-financial benefit to shareholders); or collaboration on new opportunities (which is non-financial benefit to suppliers).

Furthermore, Eder does not disclose methods that involve “determining a first outcome of the non-financial value stream of the business enterprise based upon the first assumed variables, the first outcome influencing at least one of the second assumed variables,” as recited in the claimed invention.



The pending specification provides a detailed description of how non-financial value streams and outcomes influence financial value streams. There is no analogous functionality in Eder. The conclusion that could be reached based on the cited references to Eder is that Eder uses assumed variables to model an enterprise valuation at a point in time, to break that valuation down into Revenue, Expense and Capital components and sub-components of value, and then to relate the components of and sub-components of value to elements of value to generate valuations for intangible assets such as Brand names, Customer Base, Employees, Strategic Alliances, and Vendors.

This is not at all the same process that is provided by the present invention of modeling non-financial value streams *over time*, and the interactions between non-financial and financial value streams *over time*.

For at least these reasons, Eder cannot anticipate claim 1 or any claim depending from claim 1 (e.g., claim 2).

## **2. Dependent Claim 2.**

For all of the reasons listed above, Eder does not anticipate claim 2. Claim 2 is further independently patentable over Eder for the following reasons.

Claim 2 recites limitations relating to the role of events in the present invention. In the claimed invention, each assumption that is used to calculate a value stream is tied to one or more past or future events. The claimed method may be described as being “event-driven”, in that each assumption is based one or more past or projected events that have or are expected to influence the related assumption. One aspect of the analysis provided by the present invention is the degree to which the occurrence or non-occurrence of events changes the expected benefits associated with a value stream.

The concept of “events” as key variables is entirely absent from Eder. The word “event” only occurs once in the Eder specification (C15, L39) as one attribute of sales management systems. There is no suggestion anywhere in Eder that the components of value, elements of value, or value drivers are in any way tied to events.

Eder does mention in C17, L54-55 that some of the data used in an Eder model will relate to the future. However, the use of future-oriented data, or more generally doing calculations related to future time periods, is not the same as relating assumptions to events. It is important to distinguish between time, or subdivisions of time, and events. It is true that all events occur in time. It is also true that if an event occurs, it does so at a specific time. However, whether events occur or do not occur, or whether they occur when anticipated, are variables that are for modeling purposes independent of time, or sub-divisions of time per se.

There is no suggestion in Eder that any variables are linked to specific events, let alone an assertion, as in the claimed invention, that *each assumed variable is linked to one or more events*. Again, however, this is consistent with the contrasting objectives of Eder versus the present invention. Eder is focused on calculating a valuation of tangible and intangibles assets in relation to an overall enterprise valuation as of a point in time. The present invention, by contrast, is focused on analysis of changes in value potential of individual value streams as events unfold over time.

Since Eder does not even mention events anywhere in relation to the variables used in the methods disclosed by Eder, Eder cannot anticipate claim 2 on this independent basis.

**B. Independent Claim 9.**

Independent claim 9 is a system claim that recites components that provide functions similar to those recited in claim 1. For all of the reasons listed above in section I.A.1., Eder does not anticipate claim 9. Particularly, claim 9 includes references to a calculation engine that performs the tasks of calculating the non-financial and financial outcomes for the non-financial and financial value streams. As noted in section I.A.1. above, the disclosures in Eder do not deal with value streams, and in particular do not deal with non-financial value streams, and furthermore do not deal with the inter-relationship between non-financial value stream outcomes and financial value stream outcomes.

**C. Dependent Claims 5 and 10.**

Claims 5 and 10 depend from claims 1 and 9, respectively. For all of the reasons listed in sections I.A. and B., Eder does not anticipate claims 5 and 10. Claims 5 and 10 are further independently patentable over Eder for the following reasons.

With respect to claims 5 and 10, the Examiner asserts that Eder discloses “wherein the first outcome includes a non-financial metric (checks the element of value to determine ...)[C30, L11-14].

C30, L11-14 indicates that “The Software in block 308 checks the element of value definition table (153) to determine the number of elements that have sub-elements before advancing processing to a block 319.”

This reference is not relevant to a non-financial metric. In fact, the word “metric” does not appear anywhere in the Eder specification. One concept that does appear in Eder is “performance indicator.” Eder uses “item variables and item performance indicators that drive revenue, expense and changes in capital by element for all defined enterprises. The item variables and item performance indicators identified during this processing are collectively referred to as ‘value drivers’.” [C23, L50-54].

In Eder, performance indicators are used as *inputs*; that is, as variables which are used in the generation of outcomes. Performance indicators in Eder are consistently described as *variables*, not as *outcomes*.

In contrast, non-financial metrics in the present invention are used to express the *outcome* of a non-financial value stream, as modeled by the claimed system and method.

The pending application provides an example of how the outcome of a non-financial value stream may be modeled as a non-financial metric as follows:

“The on-time Performance relates to the expectations of a class of stakeholders of Company A (e.g., customers). An exemplary formula for calculating a metric for on-time performance (i.e. a non-financial outcome) in vision mode (i.e. the metric is prospective of on-time performance rather than historic) may be as follows:

$$\text{future (or target) on-time performance} = (A \times D) + (A \times E) + (A \times F)$$

Where assumed variables are as follows: A is the number of active drug development projects; D is the percentage of projects expected to generate viable formulas in the current year; E is a factor that is related to innovation capabilities defined in a capacity matrix; and F is a factor that is related to employee productivity which is related to employee value creation in the stakeholder matrix.” (Pending application at page 18, line 24 – page 19, line 5).

There are no analogous methods disclosed in Eder for calculating the outcome of a non-financial value stream as a non-financial metric.

Because Eder does not disclose the above-delineated limitations, Eder cannot anticipate claims 5 and 10 for these additional and independent reasons.

**D. Dependent Claims 11-13.**

Claims 11-13 depend from claim 9. For all of the reasons listed in sections I.A. and B., Eder does not anticipate claims 11-13. Claims 11-13 are further patentable over Eder for the following additional and independent reasons.

With respect to claims 11-13, the Examiner makes two specific references as the basis for rejecting these claims, and then goes on to reference the comments relating to claims 1 and 3. The two specific references are:

C9, L42, which is a general reference to the main processing steps in the Eder system;

C30, L11-14, which indicates that “The Software in block 308 checks the element of value definition table (153) to determine the number of elements that have sub-elements before advancing processing to a block 319.”

To deal with the substance of claims 11, 12, and 13, it is helpful to first summarize the overall functionality described in the pending application and then deal with each one in turn.

In contrast to Eder, which describes a system that calculates an enterprise valuation from only one perspective, that of the shareholder, the present invention describes methods by which a system can calculate value creation outcomes from the perspective of multiple stakeholders, such as customers, employees, and suppliers in addition to shareholders.

In order to support this functionality, the claimed system provides a common calculation engine, which is capable of calculating value creation outcomes based on the set of assumptions provided to it. However, the set of assumptions will vary depending on which stakeholder perspective is being used for the value creation calculations. Only certain assumptions are relevant to calculating value creation from a customer perspective. Consequently, a filter may be defined which is capable of selecting only those assumptions which are relevant to a customer perspective, and presenting them to the calculation engine.

In addition, the claimed system enables stakeholders using the system to modify both variables that relate to non-financial value streams, and variables that relate to financial value streams, and store the modified variables linked to their identity as a stakeholder. These is no analogous teaching in Eder.

#### **1. Claim 11**

Claim 11 refers to “a filter coupled to the calculation engine for selecting certain ones of the first and second assumed variables to be delivered to the calculation engine.”

The “first assumed variables” are referred to in Claim 9 as ones that “have an influence on a non-financial value stream of the business enterprise.”

As noted in Section I.A. above, Eder does not deal with value streams, and in particular, does not deal with non-financial value streams. Eder therefore does not disclose methods related to a filtering variables through a filter and passing them on to a calculation engine for purposes of modeling non-financial and financial value streams.

## **2. Claim 12**

Claim 12 refers to the “system according to claim 11, wherein each of the first and second assumed variables is stored in the data structure in association with identification of an originator of the corresponding assumed variable.” Applicants incorporate by reference the arguments made above in Section I.D.1.

## **3. Claim 13**

Claim 13 refers to the “system according to claim 12, wherein the filter selects the assumed variables to be delivered to the calculation engine according to the identifications stored in association with the assumed variables.” Applicants incorporate by reference the arguments made above in Section I.D.1.

Because Eder does not disclose the above-referenced limitations, Eder cannot anticipate claims 11-13.

## **II. Rejections based on Eder and Muksian.**

The Examiner rejected claims 3, 4, 6, 7, 8, 14, 15 and 16 as unpatentable over Eder in view of Pilopovic. Because all of the references rely on the assumption that Eder discloses the data structure element of the claimed inventions, which includes the value stream and event-based components that have previously been discussed, the rejections of all of these claims must fail. That is, the combination cannot teach all of the elements of the claimed

invention (e.g., the data structure relating to financial and non-financial value streams). Therefore, the rejections should be withdrawn with respect to these claims.

Furthermore, the rejections should be withdrawn for the following additional and independent reasons.

**A. Claims 3 and 4.**

Claims 3 and 4 depend from claim 1 and relate to interactions between non-financial and financial value streams and outcomes. Essentially, claims 3 and 4 involve altering variables and determining the effect on the financial and non-financial value streams.

The specification provides a detailed description of how non-financial value streams and outcomes influence financial value streams. As discussed in Section I.D. above, there is no analogous functionality in Eder.

Eder does disclose how a valuation at one point in time can be compared with a valuation at a previous point in time, and methods related to using performance indicators as inputs in calculating valuations of intangible assets. However, as noted in Section I.A. above, Eder does not disclose methods related to value streams. In particular, Eder does *not* disclose methods for linking a non-financial value stream outcome (based on a first set of variables that influence the non-financial value stream) to a financial value stream outcome (based on a second set of variables that influence the financial value stream).

Claim 3 relates to methods disclosed in the pending application that support analysis of how changes in variables relating to both non-financial and financial value streams affect the outcome of financial value streams. Claim 3 is not related to valuations at different points in time, as Eder discloses. Rather, it relates to understanding the complex interplays between non-financial and financial value streams.

Claim 4 related to methods disclosed in the pending application that support analysis of how changes in variables relating to both non-financial and financial value streams affect the outcome of non-financial value streams. Claim 4 is not related to valuations at different points in time, as Eder discloses. Rather, it relates to understanding the complex interplays between financial and non-financial value streams.

Muksian provides an excellent summary of routine financial mathematics. Many of the calculations that Muksian discloses can be applied to understanding the dynamics of financial value streams. However, Muksian does *not* disclose any prior art relating to complex interactions between non-financial and financial value streams.

Since these elements are completely missing from the Eder and Muksian references, the combination of the two cannot obviate claims 3 and 4 for these additional and independent reasons.

**B. Claims 6 and 14.**

Claims 6 and 14 relate to calculating value stream outcomes from the perspective of stakeholders. Particularly, claims 6 and 14 allow for selection from a plurality of different stakeholders perspectives.

As noted above, in contrast to Eder, which describes a system that calculates an enterprise valuation from only one perspective, that of the shareholder, the present invention provides methods by which the system calculate value creation outcomes from the perspective of multiple stakeholders, such as customers, employees, and suppliers in addition to shareholders.

The word “stakeholder” does not appear anywhere in Eder. There is no indication anywhere in Eder that customers, suppliers or other stakeholders would be provided with access to the system. While Eder discloses methods to enable users to input variables, there



is no disclosure of methods in Eder that would result in the system generating different valuations for different classes of users, or different types of valuations for different types of users.

There is likewise no discussion in Muksian of calculating value creation outcomes from the perspective of multiple stakeholders.

Since these elements are completely missing from the Eder and Muksian references, the combination of the two cannot obviate claims 6 and 14 for these additional and independent reasons.

**C. Claims 7 and 15.**

Claims 7 and 15 relate to the ability of the method and system to provide continuously updated non-financial and financial outcomes as events unfold over time, based on the occurrence or non-occurrence of events.

Eder discloses methods by which a valuation at one point in time can be compared with a valuation at a previous point in time. However, this in no way can be compared to a system which is continuously calculating non-financial and financial value stream outcomes as events take place.

As noted in Section I.A. above, Eder does not deal with value streams. Furthermore, Section I.B. above notes that Eder does not deal with events. There is no indication anywhere in Eder of generating repeated valuations based on events.

There is likewise no discussion in Muksian of events. Muksian of course discloses prior art related to financial calculations related to the time value of money. By definition, discounted flow techniques are concerned with the interrelationship between money and the passage of time. However, the passage of time is not the same as the occurrence of events.

The present invention describes a method and system in which value creation outcomes depend on whether or not specified events have occurred or not occurred. Every event necessarily occurs at a point in time. However, whether events occur or do not occur, or whether they occur when anticipated, are variables that are for modeling purposes independent of time, or sub-divisions of time per se. Value creation outcomes are of course influenced by the passage of time, which is accounted for in the present invention the use of conventional time value of money concepts, similar to those disclosed by Muksian. What is distinctive about the present invention over Eder and Muksian, however, is the role that events play in the claimed methods and systems.

Since these elements are completely missing from the Eder and Muksian references, the combination of the two cannot obviate claims 7 and 15 for these additional and independent reasons.

**D. Claims 8 and 16.**

Claims 8 and 16 relate to a method and system by which a level of detail at which a user interacts is selectable by the user.

The present invention describes methods by which assumptions are arranged in a hierarchy in which the level of detail becomes greater at lower levels in the hierarchy. It also describes methods by which users may be authorized to access assumptions at specified levels in this hierarchy. It further describes methods by which a user may select the level of detail at which they wish to interact with the system, subject to the related authorizations.

Thus, in accordance with the present invention, one user might only be authorized to access certain high-level assumptions and outcomes; for example, assumptions that relate to market share for the enterprise as a whole, which assumption might influence all financial value stream outcomes for the enterprise. Another user might be authorized to access more detailed assumptions and outcomes; for instance, assumptions about market shares related to specific market segments, which assumptions might separately influence each individual

financial value stream outcome. Both users would be able to alter assumptions and view the results, but the second user would have the option of selecting a different level of detail than the first user.

Eder does not disclose analogous methods that enable users to interact with the Eder system at different levels of detail. The phrase “level of detail” occurs only once in Eder, at C47, L21, in a context which makes it clear that Eder is stating that the system provides a lot of detail, not that the system provides user-selectable levels of detail.

There is likewise no discussion by Muksian of the concept of calculating non-financial and financial value stream outcomes at different user-selectable levels of detail.

Since these elements are completely missing from the Eder and Muksian references, the combination of the two cannot obviate claims 6 and 14 for these additional and independent reasons.

In summary, Applicants respectfully disagree that “it would have been obvious to one of ordinary skill in the art at the time the Applicant’s invention was made to combine the teaching of Eder and Muksian and include variations of first and second values to get a variation of outputs (outcomes).” This statement fails to recognize the unique aspect in the claimed inventions that the first values relate to non-financial value streams, the second values relate to financial values streams, and that there is an interaction between the non-financial and financial value streams that is not taught by Eder or Muksian.

The Examiner further asserts that it would have been obvious to “allow the stakeholder to use financial mathematical tools for analysis of complex financial statement, and calculating present value, future amount, annuity and amortization for determining the assets and liabilities of a company (business) with different forecasted (assumed) values and projections (outcomes).” This statement mischaracterizes the teachings of the claimed inventions. The claimed inventions do not involve complex financial statements.

Specifically, the present invention is not particularly concerned with determining the assets and liabilities of a business, but rather, it is concerned with financial and non-financial *value streams*.

### CONCLUSIONS

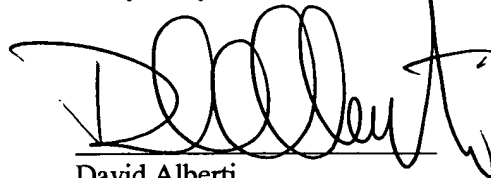
Applicants' invention is both novel and nonobvious over Eder and Muksian for all of the various reasons set forth above. Eder, Muksian and the combination of the two do not teach each and every element of any of Applicants' claimed inventions.

For all of these reasons, Applicants respectfully assert that all of claims 1-16 are in condition for allowance. The Examiner's early reconsideration is respectfully requested. If the Examiner has any questions, the Examiner is invited to contact Applicants' attorney at the following address or telephone number:

David Alberti  
c/o Patent Department  
GRAY CARY WARE & FREIDENRICH LLP  
2000 University Avenue  
East Palo Alto, CA 94303-2248  
Telephone: (650) 833-2052

Respectfully submitted,

Gray Cary Ware & Freidenrich LLP

A handwritten signature in black ink, appearing to read 'D. Alberti', written over a horizontal line.

David Alberti  
Reg. No. 43,465

Dated: May 6, 2004